

From: "Patrick O'Brien" <pob@homestarb.com> on 04/06/2004 04:01:01 PM
Subject: Regulation BB - Community Reinvestment Act

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Dear Federal Reserve:

As a community banker, I strongly endorse the federal bank regulators' proposal to increase the asset size of banks eligible for the small bank streamlined Community Reinvestment Act (CRA) examination.

This proposal will greatly reduce regulatory burden but does not go far enough. Banks up to \$1 Billion should be eligible for the streamlined exam. The vast majority of banking assets would still be covered at this level.

Adjusting the asset size limit also more accurately reflects significant changes and consolidation within the banking industry in the last 10 years. To be fair, banks should be evaluated against their peers, not banks hundreds of times their size. The proposed change recognizes that it's not right to assess the CRA performance of a \$500 million bank or a \$1 billion bank with the same exam procedures used for a \$500 billion bank. Large banks now stretch from coast-to-coast with assets in the hundreds of billions of dollars. It is not fair to rate a community bank using the same CRA examination.

In summary, I believe that increasing the asset-size of banks eligible for the small bank streamlined CRA examination process is an important first step to reducing regulatory burden. I also support eliminating the separate holding company qualification for the streamlined examination, since it places small community banks that are part of a larger holding company at a disadvantage to their peers. I also urge the agencies to seriously consider raising the size of banks eligible for the streamlined examination to \$1 billion in assets to better reflect the current demographics of the banking industry.

Sincerely,

Patrick M. O'Brien